

Vanilla Funding Guide

JUNE 2025

YOU'RE ALMOST THERE...

- Design your plan
- Finalize your selections
- Sign and notarize
- Fund your trust ← YOU ARE HERE
- Deed preparation
(optional)
- Itemize your accounts
(optional, but recommended)

Congratulations on completing your estate plan!

You've taken a crucial step toward ensuring that your assets are managed and distributed according to your wishes. However, the final step—funding your trust—is just as important to ensure your estate plan works as intended.

Funding your revocable trust involves transferring ownership of your assets, such as real estate, bank accounts, brokerage accounts, and personal property, into the trust's name. Funding your trust is not simply transferring all assets to your trusts, as some assets, such as retirement accounts cannot be funded during your lifetime. The process of funding your trust involves

ensuring that for each asset you own, how it's titled or who it will be distributed to at your death aligns with your overall estate planning goals.

Without proper funding, your trust may not be fully effective, and some assets could still be subject to probate. In this guide, we will walk you through the necessary steps to understand which assets should be funded in your trust, how to fund your trust with those assets and ensure that your trust operates smoothly, providing peace of mind for both you and your loved ones.

CONTENTS

Before you begin	3
Real estate	4
Tangible personal property	5
Checking, savings or money market accounts	6
Brokerage accounts, stocks and bonds	8
Qualified assets (401(k), 403(b), SEP IRA, Simple IRA)	10
Vehicles	12
Business interests	13
Life insurance policies	14
Should I move all of my assets into my trust?	15
What happens if I forget to fund my trust?	16
Funding your trust for estate tax planning	17
Trust funding checklist	18

Before you begin

① Review your trust document

Confirm that your trust is properly established.

Ensure you have also signed the Certification of Trust and it contains the accurate information for names of trustees and address of the trust.

② Gather copies of your Certification of Trust and Trust Agreement

③ Identify the proper trust name

The trust name is typically [Your Name, trustee, of the Your Name Trust dated January 1, 2020], but you might have chosen a custom name

If you have restated your trust, your trust name does not change to the new date of the restatement—keep using your original trust name

④ Keep records as you go

It is important to compile records of the assets you fund into your trust as you go to help your successor trustees or executors know about the types of accounts you have and where they are located



Real estate

Step 1: Obtain the current property deed

- Obtain a copy of the deed for the real property you wish to transfer into your revocable trust. This can typically be accessed through your county clerk or register of deeds office. It may also be found at the attorney's office or title company that handled the original property transfer or closing when you purchased your property.
- To create the new deed into your trust, the property's legal description and recording information may need to be included on the new deed.
- If you cannot find your new deed, the Vanilla Attorney Network can assist you for an additional fee.

Step 2: Draft a new deed

- You will need to have a new deed (usually a quitclaim deed or warranty deed) prepared that transfers the property from your individual name to the name of your trust. The deed should include:
 - The name of the property owner (you) as the grantor.
 - The name of the trust and your role as the trustee (e.g., "[Your Name], Trustee of the [Your Trust Name] dated [Date]").
 - A legal description of the property.
 - Any other required provisions by state or county.
- **Purpose:** This new deed legally transfers ownership of the real property into the trust.
- **Deed Preparation:** Due to the detailed legal requirements of deed transfers, it is best to obtain the assistance of an attorney. The Vanilla Attorney Network can assist you nationwide with deed transfers into your trust.

Step 3: Sign and notarize the deed

- **Action:** Sign the deed in front of a notary public to make it legally binding.
- **Purpose:** Notarization ensures that the deed is recognized as valid and authentic under state law.

Step 4: Record the deed with the county

- **Action:** Submit the notarized deed to the county recorder's office where the property is located. Pay any applicable recording fees.
- **Purpose:** Recording the deed with the county ensures that the transfer of ownership is publicly documented, making the trust the official owner of the property.

By following these four steps, you can effectively fund your revocable trust with real property, ensuring it is managed according to your wishes and helping to avoid probate.



Tangible personal property is defined as any physical property that can be touched and moved, such as furniture, jewelry, clothing, artwork, electronics, vehicles, and other personal belongings, excluding real estate, cash, or financial and business assets.

Real estate and cash gifts cannot be included on the Tangible Personal Property Memorandum. These assets are required to be included in the Distribution section of your will or trust.

Pet Owners:

Pets are legally considered “tangible personal property” under the law and can be included on the Tangible Personal Property Memorandum.

- [illegible]

Checking, savings or money market accounts

Transferring checking, savings or money market accounts into your trust involves several detailed steps to ensure the trust legally owns the accounts.

To fund your trust, you can transfer ownership of your accounts to the trust. This enables the trust to govern accounts in the event of your incapacity and death. Below are steps to follow:

Step 1: Contact your bank or financial institution

- The forms required to transfer ownership of your accounts are sometimes available online with your bank or financial institution. All institutions differ as to this process.
- If you are working with a financial advisor, they may be helpful in assisting you with transferring your accounts. They will need to work with your bank or other institution if your accounts are not under their management.
- If the forms are not available online, it is best to contact your bank or financial institution to schedule a meeting with your bank or visit a branch to inquire about the process for transferring ownership of your accounts to a trust.
- Request any forms or documents the bank requires to facilitate the transfer. These often include a trust certification or summary.

Step 2: Provide a Certification of Trust

- Bring the Trust Agreement or a Certification of Trust to the bank. This document demonstrates the trust's legitimacy, properly identifies the trust name to include on the accounts or beneficiary forms, and identifies the trustee(s) and who is authorized to sign on behalf of the trust.
- Ensure the Certification of Trust is executed properly and notarized if required by state law or the bank.

Step 3: Gather personal identification

- Provide your government-issued ID (e.g., driver's license or passport) to verify your identity as the trustee or trust creator (grantor).

Step 4: Complete account ownership transfer

- Fill out bank's forms to retitle account(s) in name of trust. Typically, the account will be titled as "[Your Name], Trustee of [Your Trust Name] dated [Your Trust execution date]."
- Update the signature card to reflect the trustee(s) authorized to access the account.

Step 5: Decide on account number and checks

- Ask the bank if the account number will change after the transfer. If it does, ensure you update automatic payments, direct deposits, and any linked accounts.
- Order new checks reflecting the trust's name, if necessary.

Step 6: Verify beneficiary designations

- Confirm that the trust is now the legal owner of the account, and ensure the trust's terms govern the account's distribution upon your death. The prior beneficiary designations on the account will no longer govern distribution at your death.
- Once your trust is funded with the account, any future changes to your wishes regarding distribution of the account at your death would need to be made in your trust document.

Step 7: Keep records

- Obtain and securely store confirmation of the ownership change from the bank.
- Retain copies of the updated account title, bank forms, and correspondence with the bank for your records.

SECTION CONTINUED ON NEXT PAGE

Checking, savings or money market accounts (cont.)

By completing these steps, your checking or savings accounts will be successfully transferred to your trust, ensuring they are managed according to your estate planning goals.

Transferring joint accounts to individual trusts

- If you have a joint account and have created individual accounts, it is important to understand your options for how to fund the joint account.
- Most joint accounts will pass to the surviving owner upon the death of one owner. By transferring to a new account titled in the name of the trust, you are severing the right of survivorship for joint accounts. If you wish to divide the account to fund the separate trusts, you will need to create two new accounts with your bank.
- If you wish to maintain the joint account, you can identify the trust as a transfer on death designee and upon the death of both owners, the account will transfer immediately to your trust. By including your trust as a transfer on death beneficiary, the trustee will not have access until you pass away. This removes the trustee's ability to govern the account during events of incapacity. Your financial power of attorney should allow financial accounts in your individual name to be accessed during incapacity by the agent appointed in the document.



Brokerage accounts, stocks and bonds

Transferring brokerage and stocks and bonds into your trust involves several detailed steps to ensure the trust legally owns the accounts.

To fund your trust, you need to transfer ownership of your accounts to the trust. This enables the trust to govern the accounts in the event of your incapacity and death.

Below are the steps to follow:

Step ①: Contact the financial institution

- The forms required to transfer ownership of your accounts are sometimes available online with your financial institution that manages the accounts. All institutions differ as to this process.
- If you are working with a financial advisor, they may be helpful in assisting you with transferring your accounts. They will need to work with the other institution if your accounts are not under their management.
- If the forms are not available online, it is best to contact the financial institution to inquire about the process for transferring ownership of your accounts to a trust.
- Request any forms or documents the institution requires to facilitate the transfer. These often include a trust certification or summary.

Step ②: Provide a certification of trust

- You may need to provide the Trust Agreement or a Certification of Trust to the institution. This document demonstrates the trust's legitimacy, properly identifies the trust name to include on the accounts or beneficiary forms, and identifies the trustee(s) and who is authorized to sign on behalf of the trust.
- Ensure the Certification of Trust is executed properly and notarized if required by state law or the institution.

Step ③: Gather personal identification

- Provide your government-issued ID (e.g., driver's license or passport) to verify your identity as the trustee or trust creator (grantor).

Step ④: Complete account ownership transfer

- Fill out the required forms to retitle the account(s) in the name of your trust. Typically, the account will be titled as "[Your Name], Trustee of [Your Trust Name] dated [Your Trust execution date]."
- Update the signature card to reflect the trustee(s) authorized to access the account.

Step ⑤: Verify beneficiary designations

- Confirm that the trust is now the legal owner of the account, and ensure the trust's terms govern the account's distribution upon your death. The prior beneficiary designations on the account will no longer govern distribution at your death.
- Once your trust is funded with the account, any future changes to your wishes regarding distribution of the account at your death would need to be made in your trust document.

Step ⑥: Keep records

- Obtain and securely store confirmation of the ownership change from the bank.
- Retain copies of the updated account title, bank forms, and correspondence with the bank for your records.

By completing these steps, your investment accounts will be successfully transferred to your trust, ensuring they are managed according to your estate planning goals.

SECTION CONTINUED ON NEXT PAGE

Brokerage accounts, stocks and bonds (cont.)

Transferring joint accounts to individual trusts, or transferring accounts on death

If you have a joint account and you and your partner or spouse have created individual trusts, it is important to understand your options in funding your trust.

- Most joint accounts will pass to the surviving owner upon the death of one owner. If you wish to divide the account to fund the separate trusts, you will need to create two new accounts with your institution and transfer the title to the trust.
- If you wish to maintain the joint account, you can identify the trust as a transfer on death designee and upon the death of both owners, the account will transfer immediately to your trust.
- By including your trust as a transfer on death beneficiary, the trustee will not have access until you pass away. This removes the trustee's ability to govern the account during events of incapacity.
- Your financial power of attorney should allow financial accounts in your individual name to be accessed during incapacity by the agent appointed in the document.



Qualified assets (401(k), 403(b), SEP IRA, Simple IRA)

What are qualified accounts?

- These include retirement accounts like 401(k)s, 403(b)s, SEP IRAs, and Simple IRAs. They get tax breaks when you put money into them, but that also means they can't be transferred into your trust while you're alive.

What happens when you pass away?

- Under the **SECURE Act** (a law that changed retirement rules in 2020), how and when your retirement money is given out after death depends on who you name as the beneficiary.
- If you name your **trust** as the beneficiary, special rules apply. Without the right setup, the IRS might make the trust take out all the money **within 5 years**, which could cause a big tax bill.

How to avoid the 5-year rule

- To avoid this, your trust must have certain language in it. If your trust qualifies as a “**see-through**” or “**conduit**” trust, then your beneficiaries can get the money in a more tax-friendly way.

Types of trust provisions for retirement accounts

- **Conduit trust**
 - Sends retirement withdrawals straight to the beneficiary.
 - If the beneficiary qualifies as an **Eligible Designated Beneficiary (EDB)**—like a spouse, a child under 18, someone with a disability, or someone close in age to you—the money can be stretched out over their life.
 - If not, the money must be paid out within **10 years**.
- **Accumulation trust**
 - Keeps the money inside the trust.
 - The trustee pays the taxes and manages the money.

- This gives more control, but can mean higher taxes.

- If your trust doesn't mention retirement accounts, it might not qualify as a see-through trust, and the 5-year rule could apply. If you don't know what type of trust you have, it is best to speak with an attorney through The Vanilla Attorney Network.

Most common: The 10-year rule

- In most cases, if a person or trust inherits a retirement account:
 - They have **10 years** to take all the money out.
 - There are usually **no required annual withdrawals**.
 - But the **entire balance must be taken—and taxed—by year 10**.

How Vanilla trusts help

- Vanilla's **Basic and Advanced Trusts** include a **Conduit Provision**, which helps the trust qualify as a see-through trust. That way, your trust can receive your retirement funds and still follow the SECURE Act's more favorable rules.

How to name your trust as a beneficiary

- If you have a Vanilla Document Builder Trust or have determined that your trust qualifies as a see-through trust, you can identify your trust as a beneficiary.
- **Choose primary or contingent beneficiary.**
 - Choose whether you wish to identify the trust as a primary or contingent beneficiary. If you are married, you can identify your spouse individually as your primary beneficiary and your trust as the contingent beneficiary. Your financial advisor or attorney can assist you with understanding the pros and cons of how to do this.

SECTION CONTINUED ON NEXT PAGE

Qualified assets (cont.)

→ Complete the form.

→ Once you decide whether the trust will be primary or contingent beneficiary, you will need to fill out the beneficiary form and identify the trust by its legal name. Here is an example of how this is typically done:

→ Trustee Name: [Your Name]

→ Name of Trust or Entity: The John Smith Revocable Living Trust

→ Date of Trust: [Date of Execution]

→ Relationship: Trust or Other

→ SSN or TIN: [Your SSN]

→ Percentage: 100%(if this trust gets the full account) or split it with others (e.g. 50% to trust, 50% to beneficiary)

→ Keep a copy with estate planning records.

→ Store a copy of this form once completed and submitted to your financial institution so your fiduciaries will be aware of your wishes.

Need more control? Talk to an attorney

If you want to keep retirement money in the trust for better control or future planning, it's best to speak with an attorney from the Vanilla Attorney Network. They can help you understand how this affects your taxes and your estate plan.



Vehicles

Transferring ownership of your vehicle into your revocable living trust can help avoid probate and ensure a smoother transition of assets after death. Here's a step-by-step overview:

Step 1: Decide whether it's necessary

- Depending on your state, the value of your vehicle might fall below a probate threshold, or your state may allow a small estate affidavit. This means that the vehicle will not be required to go through probate upon your death.
- A transfer-on-death (TOD) designation may be available in your state. The transfer-on-death designation is found on your vehicle title, so you will need to review your title and state instructions to properly identify a transfer-on-death designee. Once a designee is identified and included on your title, the title will transfer on your death directly to the beneficiary without going through probate.

Step 2: Check with your lender

- If the vehicle is financed, you may need approval from the lender to change the title. Some lenders may require that the vehicle financing is refinanced to change the title, or require a guarantee to modify the loan. Some companies may not allow transfers to your trust or require the loan to be paid off first.
- If you have already created your trust and decide to purchase a new car with financing, ask your new lender to place the car title in the name of your trust initially to avoid having to transfer later.

Step 3: Transfer title to your trust

- If the vehicle is free and clear of any liens, you can complete the transfer on the vehicle's title form. Title forms differ by state but most include instructions for how to transfer ownership. You will transfer the title from your name individually or, if married, from you and your spouse's names individually, to [your name], as Trustee of the [name of your trust] dated the [date of execution].

Step 4: Contact your local DMV

- Each state has its own process and forms for transferring vehicle ownership. Generally, you'll need to:
 - Complete a title transfer application (often available on your state DMV's website)
 - Submit the current title, assigning ownership from your name to the trust (e.g., "Jane Smith, Trustee of the Jane Smith Revocable Living Trust dated 01/01/2020")
 - Provide proof of identity and trust documentation if requested
 - Pay any applicable title transfer or registration fees

Step 5: Update registration and insurance

- Once the vehicle title is in the name of the trust, update your registration and auto insurance policy to reflect the trust as the owner.
- Notify your insurer and ensure that the trustee is listed as an insured party to maintain coverage.

Step 6: Add the vehicle to your trust schedule

- Make sure the vehicle is listed on the Schedule of Assets attached to your trust, identifying it as owned by the trust.

Step 7: Consult with professionals

- Speak with an estate planning attorney through the Vanilla Attorney Network to confirm the transfer is necessary in your state and properly executed. Some advisors recommend leaving vehicles out of the trust and using alternative methods like a Transfer on Death designation (if available).

Business interests

If you own a business, it is important to understand that your interest in the business may be subject to probate if not funded in your trust.

Funding your revocable trust with your business interest is an important step in aligning your estate plan and ensuring smooth management or transfer of your business. Here's a step-by-step guide to help you understand how to do it effectively.

Step 1: Review the organizing documents

- Before transferring any interest to your trust, it's essential to carefully review your business's governing documents. These include:
 - Operating Agreement (for an LLC)
 - Bylaws or Shareholder Agreement (for a Corporation)
 - Partnership Agreement (for a Partnership)
- These documents often contain clauses that:
 - Restrict transfers of ownership to trusts or third parties
 - Require approval from other owners or the board
 - Outline rights of first refusal or buy-sell provisions
- **Important:** Some agreements may prohibit or limit the transfer of ownership interests to a revocable trust. Legal counsel should review these documents to ensure compliance.

Step 2: Consider succession planning first

- The decision to transfer your business interest to your revocable trust should align with your broader succession plan. Think about:
 - **Who will manage the business if you're incapacitated or pass away?**
 - **Does your trust have a named successor trustee with the appropriate business acumen?**

- **Are your goals for future ownership and control clear?**

- A revocable trust is a powerful tool for continuity, but it **must reflect your intent for the future of the business**, including roles for family members, partners, or key employees.

Step 3: Draft the necessary transfer documents

- Once you're clear on your strategy and your documents permit the transfer, you'll need to:
 - **Execute an Assignment of Interest:** This legal document formally assigns your ownership interest to your trust.
 - **Obtain Necessary Consent:** Depending on the type of entity and agreement terms, you may need to get consent or provide notice to other members/shareholders.
 - **Update Governing Document:** Amend the governing document to reflect the trust as the owner of your business interest.

Step 4: Update your trust schedule

- Your revocable trust should include a **Schedule of Assets**, which lists the assets held by the trust. Make sure to include a description of your business interest once it has been transferred.

Step 5: Consult with professionals

- Working with an attorney is highly recommended to:
 - Ensure the transfer is valid and enforceable,
 - Avoid unintended tax consequences, and
 - Confirm the trust structure supports your succession plan
- The Vanilla Attorney Network is equipped and ready to assist with transferring your business interest to your trust to be sure your interest avoids probate.

Life insurance policies

The death benefits of life insurance policies are distributed according to the primary and contingent beneficiaries you include on the policy's beneficiary designation form when the policy was created. These forms can be updated to include your trust as a beneficiary.

Step 1: Contact the insurance company to request their Beneficiary Change Form

- You can speak to your provider or agent by phone or find it on their website.
- Request a **Beneficiary Change Form** (often available online).
- Determine if the form has any **specific formatting or requirements** for naming a trust as a beneficiary.

Step 2: Complete the Beneficiary Designation Form

Fill out the form carefully:

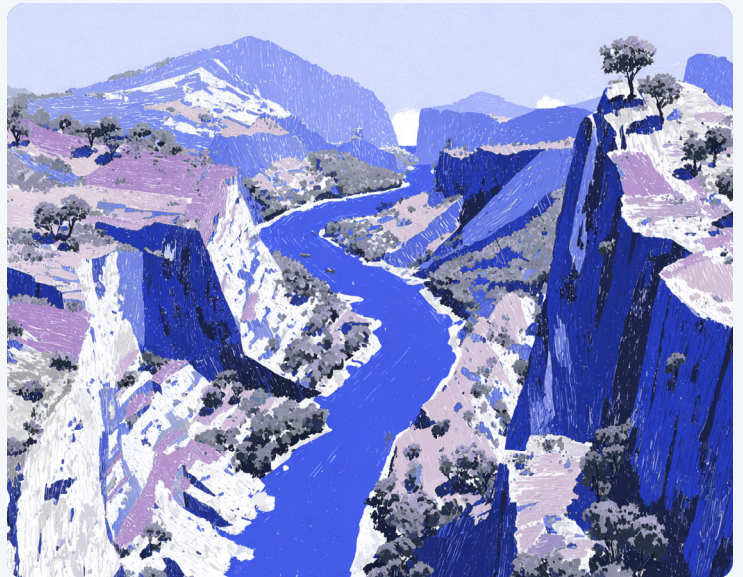
- In the **primary beneficiary section**, list your trust:
 - Use the exact legal name as shown in the trust document.
 - Include the date and trustee's name if required.
 - **Correct example:**
 - "The John D. Smith Revocable Trust dated April 15, 2024, John D. Smith, Trustee"
- Some forms require you to enter the name of the trust, date of execution and the trustee name separately.
 - You can also list:
 - A **contingent beneficiary** (e.g., a person or charity) in case the trust is revoked or not valid at your death.
 - Any **backup trustees**, if allowed.

Step 3: Submit the form and get confirmation

- Return the signed form to your insurance company by mail, secure upload, or e-signature.
- Request **written confirmation** that the trust is now listed as the beneficiary.
- Save a copy of the confirmation with your estate documents

Step 4: Store your updated beneficiary form with estate planning documents

- It is important that your Trustee is aware of assets held in the trust. You can include records for the Trustee by keeping updated beneficiary forms with your original estate planning documents.
- This helps ensure coordination when the time comes and avoids conflicts with the rest of your estate plan.



Should I move all of my assets into my trust?

A frequently asked question when completing an estate plan and funding a trust is “should I move all of my assets into my trust?”

One way to look at your estate plan and funding your trust is to determine whether the distribution of your assets via titling and/or beneficiary or transfer on death designations align with your wishes or estate planning directives.

For example, if you have two individual trusts for you and your spouse, and one joint checking account, out of which you pay all of your living expenses. Should you separate this account to fund both of your individual trusts?

The key here is understanding how this asset will be distributed upon the first of you to pass away and determine whether that distribution aligns with your estate planning goals.

If you own the checking account jointly with a right of survivorship, upon the first of you to pass away, the account will be wholly owned by the surviving spouse. This means that the survivor will have control over the account and get to decide what happens to that account at their death.

If you want to ensure that the assets in the checking account are distributed according to your wishes at your spouse's death, then you may want to fund this account or your portion of it in your trust in order for you trustee to have control over the asset at your death.

If you are comfortable with your spouse controlling the account at your death, and determining how it is distributed, then it's possible you can leave the account joint and not fund it during your lifetime.

Probate avoidance should always be considered with aligning assets with your estate planning objectives however. In the example of the joint checking account, you should consider what would happen to the account if both you and your spouse died one after the other in a short time period or in the event of a common disaster. If you both pass away, the account was not funded into your trust and no payable on death beneficiary was included on the account, this will cause the asset to be a probate asset and it would require a probate estate be opened to distribute according to your will.

You can include both you and your spouse's trusts as equal primary beneficiaries on the payable on death form associated with the account so that in the event of both of your deaths, the account will avoid probate and be paid on death into your trusts equally. Or if you and your spouse would prefer it to flow to a specific individual or only one of your trusts, you can identify that individual or trust as the 100% payable on death designee.



What happens if I forget to fund my trust?

A **pour-over will** is the type of will you have created in conjunction with your revocable trust. If you are married, each spouse will have their own will, even if you have completed a joint trust. Its primary function is to serve as a safety net in the event that certain assets were not transferred (funded) into the trust during your lifetime.

If you fail to properly fund your trust—meaning some assets are not transferred into the trust's name during your life—the pour-over will ensures that those assets are "poured over" into the trust upon your death. Here's how it works:

1. **Asset Distribution:** Upon your death, the pourover will directs the probate court to distribute any assets titled in your individual name and are subject to probate that are not already included in the trust should be transferred (or "poured over") into the trust. This ensures that even assets unintentionally left out of the trust during your lifetime are eventually controlled by it.
2. **Probate Process:** Unlike assets that are directly transferred to the trust, assets passing through the pourover will still must go through the probate process. This means the court will need to review the will and authenticate it before the assets can be moved into the trust. While this provides a fallback, it can result in delays and additional costs associated with probate.
3. **Trust Control:** After the probate process is completed and assets are transferred to the trust, they are then subject to the terms of the trust and will be distributed according to your instructions, avoiding further probate for those assets.

Key considerations:

- **Probate:** While the pour-over will help ensure that all assets are eventually placed into the trust, those assets will be subject to probate, which can be time-consuming and costly. The goal of a revocable trust is typically to avoid probate, so it's best to fund the trust fully during your lifetime to avoid this step.

- **Limitations:** The pour-over will cannot transfer assets like retirement accounts or life insurance policies directly into the trust (unless the trust is named as the beneficiary). These assets would need separate beneficiary designations. Be sure to read about these types of assets below to avoid income tax implications.

- In summary, a pour-over will acts as a backup plan, ensuring that any assets you inadvertently forget to transfer into your trust during your lifetime are still ultimately handled according to your wishes after your death. However, to avoid probate and streamline the process, it's recommended to make sure all intended assets are properly funded into the trust while you are alive.

What happens to my transfer on death or payable on death beneficiaries when I move my assets to my trust?

Any accounts that you have included transfer on death or payable on death designees should be addressed when you fund those accounts into your trust. When you transfer the account title to your trust, the trust terms will govern distribution at your death, not the transfer on death or payable on death designations.

For example, when you set up a brokerage account in your individual name, you commonly identify a transfer on death designee. This designee would receive your account, outside of probate, upon your death. When you transfer the account from your individual name to your trust name, the trust continues to own the account, even at your death. Therefore, your transfer on death and payable on death designations will no longer apply after transfer to your trust.

Funding your trust for estate tax planning

Funding your trust with estate tax planning in mind may require more intention to be sure your plan benefits from estate tax minimization.

Step ①: Do you have a taxable estate?

Estate tax can apply federally or by state. The tax is paid by your estate at your death. It is important to start by understanding your potential estate tax exposure when creating and funding your trust. The federal estate tax exemption for 2025 is currently at 13.99 million individually and doubled for a married couple. On top of that, some states have their own estate or inheritance taxes with much lower exemption amounts. To figure out if your estate might face taxes, add up the total value of all your assets — including real estate, investments, retirement accounts, life insurance, and business interests — to see if you might exceed these limits.

For married couples, using both spouses' estate tax exemptions efficiently is crucial. One option is a Credit Shelter Trust (also known as a Bypass Trust), which allows the first spouse's exemption to be fully used by placing assets in trust after their death. This keeps those assets from being taxed again when the second spouse passes. This strategy is included in Vanilla Document Builder Advanced Trust. Another option is a Disclaimer Trust, which provides that the surviving spouse can make a qualified disclaimer to fund an irrevocable trust at the death of the first spouse. This strategy is included in the Vanilla Document Builder Basic Trust.

Step ②: Understand how your assets are titled and fund them accordingly.

It's also important to be strategic about how your assets are titled. Assets owned jointly often pass automatically to the surviving spouse and might bypass the trust, which could cause you to miss out on some estate tax benefits. Separately owned assets can be more easily directed into a Bypass Trust or other planning tool. If you live in a community property state, there are additional benefits — community property can receive a full step-up in cost basis when one spouse dies, which can reduce capital gains taxes if the property is sold.

Beneficiary designations on retirement accounts and life insurance policies need careful review too. In some cases, it makes sense to name a trust (or a subtrust) as the beneficiary to ensure the assets are distributed as intended and to avoid having them included in the taxable estate. Without this step, there's a risk of accidentally disinherit someone or disrupting the estate plan.

Step ③: Balance funding between spouses.

In most cases, it is best to balance the funding between separate trusts if you are a married couple. This would require transferring assets in equal shares to each of your separate trusts. If you have a joint trust, this is not necessary; however, tracking assets as joint, community property or separate property is best.

Step ④: Consider liquidity.

It is important to understand whether there is enough liquidity in each estate to cover any estate taxes. Your financial advisor can assist you with determining this and what to consider.

Step ⑤: Seek guidance or advice and review.

Planning for estate tax can be complex. If you are interested in engaging an attorney to provide you individualized advice to help you fund your trust with estate tax in mind, contact the Vanilla Attorney Network.

Remember estate planning isn't a "set it and forget it" process. It's important to review your trust and estate plan regularly. Changes in tax laws or significant changes in your family or financial situation, like marriages, divorces, births, or large increases in wealth, should trigger a review to make sure your plan still works the way you intend.

Trust funding checklist

Use this checklist along with the *Vanilla Funding Guide*.

Before you begin

- ☐ Confirm your trust is properly signed and notarized
- ☐ Make copies of your Trust Agreement and Certification of Trust
- ☐ Identify and use the correct trust name
- ☐ Keep detailed records of funded assets

Real estate

- ☐ Obtain your current property deed (check your county's clerk or register of deeds)
- ☐ Have a new deed prepared transferring property into the trust's name
- ☐ Sign and notarize the deed
- ☐ Record the deed with your county

Tangible Personal Property

- ☐ Execute your Assignment of Tangible Personal Property
- ☐ List pets and personal items for distribution
- ☐ Title vehicles if appropriate in your state (see Vehicles section)

Bank accounts (Checking, savings, money market)

- ☐ Contact your bank or advisor to retitle accounts to the trust
- ☐ Provide Certification of Trust
- ☐ Update account titles to the trust
- ☐ Verify trust ownership and update records

Investment accounts (Brokerage, stocks, bonds)

- ☐ Contact financial institutions or advisor for ownership transfer forms
- ☐ Provide Certification of Trust and personal ID
- ☐ Retitle accounts in the name of the trust
- ☐ Verify trust ownership and update records

Retirement accounts (401(k), IRA, etc.)

- ☐ Do not retitle retirement accounts — update beneficiary designations
- ☐ Confirm your trust qualifies as a “see-through” or conduit trust
- ☐ Name trust as primary or contingent beneficiary
- ☐ Retain copies of updated beneficiary forms

Vehicles

- ☐ Decide if vehicle transfer is necessary (consider state laws and value)
- ☐ If transferring, update the title to the trust name
- ☐ Update vehicle registration and insurance

Business interests

- ☐ Review business operating agreements for transfer restrictions
- ☐ Have an Assignment of Membership Interest prepared, if permitted
- ☐ Update governing documents

Life insurance policies

- ☐ Contact your insurer for a Beneficiary Change Form
- ☐ Name your trust as the policy beneficiary
- ☐ Submit form and confirm update with insurer
- ☐ Store confirmation with your estate plan documents

Important reminders

- Not all assets should be transferred — review asset types carefully
- Consider joint accounts and survivorship rights — update or split as needed
- Use transfer-on-death designations where appropriate
- Keep beneficiary designations consistent with your estate plan
- Maintain an updated inventory of all trust-funded assets